Special Permit for the possession of opium in excess of 2 tolas for private consumption.	Special Permit for the sale of opium in excess of 2 tolas for private consumption.	Special Permit for the possession of opium in excess of 2 tolas for private consumption.
No. , dated 189 .	No. , dated 189 .	No. , dated 189 .
Name of applicant	To The Opium Retail Shop-keeper at	of táluka, zilla, is hereby authorised to purchase tolas of opium from the opium retail shop at and to keep the same in possession for use on the occasion of
Residence	You are hereby authorised to sell tolas of opium to of	This permit shall be valid up to the day of 189 inclusive.
Quantity of opium to be possessed	táluka for private consumption on the occasion of	Collector (or other officer empowered).
Shop at which to be purchased	This permit shall be valid up to the day of 189 inclusive.	
Occasion on which to be used	Collector (or other officer empowered).	
Duration		
Collector (or other officer empowered).		

(G. R. No. 2844, dated 22nd April 1893.)

VI.—SALES, FARMS AND LICENSES.

1. Great care should be taken to ascertain that tenderers for opium farms are men of substance and to see that suitable security is taken for the due fulfilment of the contracts immediately the tenders are accepted. (G. R. No. 7495, dated 22nd October 1886.)

2. The departmental sale of opium is on no account to be permitted. The object of Government is not to promote, but rather by taxation to restrict, the consumption of opium. In places where the sale of opium is obviously insufficient, and a license is taken out merely as a cloak for smuggling, it is better to stop issuing licenses. (G. I., F. D., No. 870, dated 31st January 1874; *vide* G. R. No. 836, dated 16th February 1874.)

3. Licenses for the retail sale of opium should be issued, and all opium accounts as well as the opium administration report should be framed, for the revenue year. (G. R. No. 1421, dated 15th March 1879).

4. With a view to distinguish licit from illicit opium, the opium balls issued from Government depôts should have a narrow strip of calico or tape threaded through them, brought round, and the ends tied together and sealed. A small piece of paper or cloth should be placed between the opium and the ends of the strip of calico or tape which are to be tied and sealed, so as to prevent the wax from actually touching the opium. This plan should be adopted, except in districts like Karáchi, where the quantity issued to licensed vendors at a time is less than one entire ball of opium.

(2) The licensed vendor should be required in retailing opium to cut off as far as possible only the required quantity from the sealed balls in the presence of customers, and should be ordered not to have in his possession more than one broken ball of opium at a time for sale to customers.

(3) The Collectors of Districts should issue notices, to be posted at all the principal market towns

and retail shops in their respective districts, with a view to acquaint the public with the plan which has now been adopted for distinguishing licit from illicit opium and with the orders to licensed dealers which will be issued under paragraph 2.

(4) In the form of license for the retail sale of opium a clause should be inserted formally binding licensed dealers to conform to the orders which under paragraph 2 will be communicated to them.

(5) Táluka Revenue officers and officers of the Police Department of such rank as the Commissioners of Divisions and the Commissioner in Sind deem suitable should examine opium shops when on tour within their charges and report to the proper authorities any breach, by dealers in opium, of the conditions of their licenses or any suspicious circumstances in connection with opium sales which may come to their notice. (G. Rs. Nos. 1658, dated 11th March 1882, 444, dated 19th January 1883, 2383, dated 19th March 1884, and 3020, dated 10th April 1884.)

5. The system in force in the Bengal Presidency, under which agreements are not taken from retail vendors of opium, but licenses are granted subject to a deposit of two months' fees paid in advance, should be adopted in this Presidency. (G. R. No. 9061, dated 10th November 1885.)

6. His Excellency the Governor General in Council has come to the conclusion that it is expedient to try the experiment of inserting in the licenses, in all provinces, clauses prohibiting the smoking, or the consumption of opium and its preparations in any other form, on the premises, and directs that when the term for which any existing licenses are in force expires, in any licenses which may be renewed a clause should be inserted, prohibiting the consumption of opium on the premises in any form. (G. I., F. & C., No. 4033, dated 25th September 1891; *vide* G. R. No. 7162, dated 17th October 1891; *vide* also G. R. No. 4813, dated 8th June 1892.)

7. In license forms for the sale of either opium or intoxicating drugs there should be no provision worded in any way which might convey the impression that the licensee is required to sell a definite amount of the opium or drugs covered by his license. (G. I., F. & C., No. 2559, dated 17th June 1892; *vide* G. R. No. 5432, dated 2nd July 1892.)

8. In the following letter No. 4120, dated 1st October 1891, the Government of India suggested the abolition of the system of a minimum guarantee for opium vend in the Bombay Presidency* :—

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*In the thirteen districts named in the margin, in which the minimum guaranteed vend system had been in force, it was stopped under the orders passed in Government Resolution No. 4721, dated 4th June 1892, and the following plan was tried for one year in the first instance :—

Ahmedabad.	Kolába.
Kaira.	Násik.
Panch Mahals.	Khándesh.
Broach.	Ahmednagar.
Surat.	Poona.
Thána.	Sholápur.
	Sátára.

"In his despatch No. 10 (Revenue), dated the 30th July 1891, and addressed to His Excellency the Governor in Council, Bombay, the Secretary of State has said that he would be glad to learn the views of the Bombay Government as to the practical effect of the system of guaranteed minimum vend in the case of licenses for the sale of opium, and the advisability of maintaining or changing that system.

"2. The question involved has been recently considered by the Government of India in connection with the facts brought to notice in your letter No. 4911, dated the 18th July 1891. In paragraph 3 of that letter it was explained that the continuous increase in the amount of licit opium consumed in the Presidency during the last ten years was entirely due to the measures taken to check opium-smuggling, and to substitute licit opium for the contraband opium which formerly formed the bulk of the consumption. The measures referred to were introduced for the first time in a few districts in 1877-78, and by degrees their operation has been extended to the whole Presidency including Sind.

"3. I am now directed to request you to lay before His Excellency the Governor in Council the views of the Gov-

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The farm of each district was let out on the existing license conditions, except those penalising the farmers for sales below a fixed standard.

The farmers were required to pay no fee for their licenses, but in lieu thereof they were required to maintain additional establishments for the supervision of their retailers, and for the prevention of smuggling.

2. The following further observations and orders were made in the same Resolution :—

"The Governor in Council is aware that this system is open to the objection that Government have no substantial hold on the farmers, who will not incur any penalty in the event of their supervision over their retailers being lax, or of their management being inefficient, and they may perhaps connive at the sale of illicit opium by their servants. But in the opinion of the Governor in Council it is better to have one substantial man answerable for the importation and distribution of licit opium in districts where the consumption is considerable, assuring to him sufficient profit to make it worth his while to deal honestly, rather than to license a number of separate retailers each of whom would have to make his own arrangements for procuring opium for retail sale.

"In the six districts of Belgaum, Dhárwár, Bijápur, Kánara, Ratnágiri and Aden the present system may continue, excluding minimum vend conditions, if any exist, from the licenses.

"In each case the Commissioner will have to exercise great care to secure the most trustworthy man offering for the farm.

"As regards Sind, the orders passed above (in paragraph 1) should also be applied."

Following the principles laid down in Government Resolution No. 4721, dated 4th June 1892, it was directed in Government Resolution No. 4596, dated 26th June 1893, that the opium farm in the Town and Island of Bombay should be disposed of on the assumption that consumption on the premises will be prohibited in the farmer's own shops, that no special chandul and madat shops will be licensed, and that sales to the public must be limited to 2 tolas to one person at one time. It was further ordered that the farmer should be required to pay, in addition to the license-fee of Rs. 300 a month, any contribution that the Commissioner may see fit to demand for the establishment for supervision and detection under the authority vested in him by Rules 39 and 40 of the Opium Rules, and that in the license granted to the farmer there should be no penalty clause for sales below a fixed standard.

ernment of India upon this question. The Secretary of State and the Government of India are aware that the measures adopted by the Bombay Government have had their origin in a desire to restrict consumption and at the same time to prevent illicit dealings in the drug. Before the passing of the Opium Act I of 1878 it was the practice to auction the licenses for retail sale for periods of one year at a time, the license being granted to the person who offered the highest price for it. The licensee was bound to purchase the opium required by him from the public depôt, but it was found that in fact very little opium was so taken by him, his requirements being supplied for the most part by illicit importations. The total amount of duty-paid opium sold in the Presidency at the time was less than 40,000 lbs. a year, while the license fees realised upwards of Rs. 1,30,000. In some cases the disproportion between the amount paid for the license and the amount of licit opium sold was so glaring as to show conclusively that the license was in reality only intended to cover the licensee's transactions in smuggled or illicit opium. There was consequently a large loss of public revenue, while the consumption of opium was being encouraged owing to a great portion of the opium consumed in the province escaping taxation. The arrangements were, moreover, open to very strong objection on the grounds that no efficient control could be exercised over the opium shops; that the real amount of opium consumed could not be known, and that there was no proper security against undue encouragement of a taste for the drug among the people.

"4. To meet these difficulties the Bombay Government gradually, from the 1st June 1878, introduced a system under which tenders were invited for opium licenses on a new system, the special object of which was to discourage illicit sales and ascertain the true vend of the various shops, the taxation on the drug being intended to be levied rather in the shape of duty on opium consumed than of fees for licenses to open shops. The method by which it was sought to secure these objects was to give preference to the tenderers who undertook to sell the largest quantity of opium per month on pain of forfeiture of a money deposit proportionate to the amount of vend stipulated for, the licensees being authorized to provide themselves with opium direct from the wholesale dealers instead of from public depôts, subject to a condition that the opium purchased by them should be duty-paid opium. Under this system the temptation to use the license as a cloak for the sale of smuggled opium practically disappeared, because the duty must in any case be paid whether the licensee sold smuggled or duty-paid opium, and, as a consequence, the amount of licit opium consumed increased largely year by year as the system was gradually extended, until, now that it is in force in all but five districts of the Presidency, the total amount of pass duty realised is more than four times as great as in 1878-79. The Government of India accept the conclusion that this result has been hitherto attained mainly by repression of opium-smuggling, and that the minimum guarantee system has produced satisfactory results in so far as under it consumption is discouraged by levying a heavy tax on all opium consumed.

"5. The system of guaranteed minimum vend is, however, open to misconstruction by persons not fully acquainted with the facts and can be made the subject of plausible misrepresentation. It can hardly be disputed that, to those who are unaware of the difficulties in consequence of which the present system was introduced, the practice of requiring opium farmers to guarantee the sale of an amount of opium large in itself, and in some cases above the reported sales of previous years, is on the face of it open to objection. The amount guaranteed has not on the whole increased much during the last six years, and it

may be anticipated that the orders contained in the Bombay Government Resolution No. 4857, dated 8th July 1889, will have already effected a substantial decrease during the current year. Nevertheless the fact remains that the system appears to afford justification to some extent for the accusation that the Government is directly encouraging the consumption of the drug, and it is in this view that the Government of India now desire to press for the abolition of the system and a return to the ordinary licensing system which is generally in force in other Provinces, or the adoption of such other system as the Government of Bombay may consider calculated to ensure the full taxation of all opium consumed.

"6. The Governor General in Council has the less hesitation in suggesting this change, as there is some reason to believe that the object with which the present system was introduced has already been attained. The natural level of consumption, including both illicit and duty-paid opium, has been ascertained with, at any rate, approximate accuracy, and competitors for a license are now ready to guarantee a larger vend than they have any expectation of realising. The privilege of exclusive vend is so valuable that they can afford to pay a large sum out of their profits to make up deficient pass duty, and the amount which they calculate on having to make good in this way represents the value of the exclusive privilege of sale over and above the license fee and the duty on opium actually sold. In other words, the contractors are now practically paying under another name what ought properly to be charged to them as license fees, and the Government is exposed to the charge of stimulating consumption without obtaining any actual benefit, if, as appears probable, the taxation of opium might be maintained as high as it now is by levying additional license fees equal in amount to the pass duty paid on deficient sales.

"7. The statistics of opium revenue and consumption for the last ten years, the remarks on the subject contained in paragraph 5 of the Government Resolution on the report for 1887-88, and the circumstances detailed in the Confidential memorandum forwarded with your letter No. 7232, dated the 11th October 1890, appear to support the view stated in the last paragraph, and it is observed that the Government of Bombay has already, in its Resolution of the 8th July 1889, prescribed that the amount of the minimum guarantee should no longer be fixed by competition. The experiment is being tried of leaving the Commissioner to determine the amount of the guarantee in each district at his own discretion. The Commissioner is instructed to be careful not to overburden farmers, and to fix the guaranteed minimum vend rather below than above his own estimate of the normal demand, and, having fixed the amount, he is to call for applications on those terms and give the farms to the persons whom he may consider most likely to conduct the business satisfactorily. While fully admitting that this modification of the system renders it less open to objection and misconstruction, the Government of India believe that His Excellency the Governor in Council will recognise that it is inadvisable to adopt any half-measures of the kind as the basis of a permanent policy. The objections which can be stated against the system lose little of their apparent force even when a very moderate estimate is made of the amount to be guaranteed, and it is the apparent rather than the real force of these objections which renders it necessary to modify the existing system. The ordinary demand of the districts has now been ascertained; the preventive establishments are much stronger than they were 13 years ago; and it is hoped that they may be able to prevent smuggling and illicit practices without the aid of the guaranteed minimum system.

"8. Under these circumstances the Government of India trust that the Government of Bombay will see their way to try the experiment of abolishing the system of a minimum guarantee for opium vend on the earliest possible opportunity. The system has been of value during the past 13 years and has made control over the consumption of opium an easier task than it was in 1878-79. Much experience has been gained and smuggling has been successfully combated. The Governor General in Council hopes that the officers of the Opium Department will now be able to introduce a system which does not involve a minimum guarantee, and to work it successfully without serious risk of a revival of the difficulties met with in earlier years, and he desires that steps may be taken at once to consider the question in time to enable the proposed change to be carried out from the beginning of the next revenue year."

(G. R. No. 7645, dated 26th September 1892.)

VII.—ARRANGEMENTS WITH NATIVE STATES.

1. Presuming that all opium to which concessions of duty drawback are made will be for consumption only in the Native States in whose name the concessions are made, opium might most conveniently be sold free of duty, when purchased from a depôt where duty has not already been levied; and in this case no adjustment on account of remission of pass duty would be necessary in the financial accounts which are intended to show actual cash receipts and payments. If any account of opium remissions is required to be kept, it should be shown in the stock account of opium kept by the Commissioner of Customs by foot notes. But when purchased from a depôt where the duty on it has already been levied, the duty should only be refunded on the production of the Political Agent's certificate to the effect "that the opium so sold has been received into the State applying for it." This certificate should be forwarded to the Accountant General's office. (G. R. No. 6637, dated 24th December 1878.)

2. The proposal that full pass duty be levied at the scales on all opium exported to the States in the Bombay Presidency which are parties to the arrangements made in 1878, a refund being made of such portion of the duty as the States may be entitled to on proof of the arrival of the opium at its destination, and of the levy of the full pass duty by the States themselves does not commend itself to the Government of India. It would be distasteful to the Chiefs of these States, as it would subject them to the inconvenience and discredit of submitting bills for audit and adjustment; and this audit would be the occasion of considerable trouble to the Account officers, while delay would sometimes result in the payment of the duty to be refunded. And it seems important not to put any avoidable obstacle in the way of these States in obtaining opium licitly, lest any encouragement be thereby given to smuggling. The important point is to limit the supply of opium to these States. If this is done, it appears to be comparatively of little importance whether the opium is delivered free of duty, or the duty is levied at the